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TO RUEHC/SECSTATE WASHDC 4340  
INFO RUEHAC/AMEMBASSY ASUNCION 3742  
RUEHBO/AMEMBASSY BOGOTA 2269  
RUEHBU/AMEMBASSY BUENOS AIRES 1257  
RUEHBR/AMEMBASSY BRASILIA 0654  
RUEHCV/AMEMBASSY CARACAS 1929  
RUEHPE/AMEMBASSY LIMA 5930  
RUEHMN/AMEMBASSY MONTEVIDEO 4202  
RUEHQT/AMEMBASSY QUITO 2115  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
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STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

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SUBJECT: CHILE MEDIA REPORT - JANUARY 29

#### Leading Stories

¶1. The Cencosud conglomerate stopped the construction of its US\$600 million, three-tower Costanera Center project (located near the Embassy). The construction project employed thousands of workers who were building the highest tower in South America. Dailies also highlighted a 40-peso increase in the transportation fare starting in February.

#### U.S.-Related News

¶2. Wal-Mart CEO for Latin America Craig Herkert will attend his first board meeting today in Santiago as Vice President of D&S, which the American company owns by 58%. Wal-Mart Corporate International Affairs Director Kevin Gardner meanwhile told a news agency, "Chile has one of the most sophisticated markets in the Americas and provide opportunities for growth." He also justified the commercial embargo on Cuban products. "We must comply with the law that bans American companies and their affiliates from selling Cuban products," said Gardner (El Mercurio, conservative, influential newspaper-of-record, circ. 129,000; Diario Financiero, business and financial, circ. 30,000, 1/29).

¶3. At the American-Chilean Chamber of Commerce (AmCham) in Santiago, Kellie Meiman, president of the Chamber's counterpart in Washington, D.C., said that one of the U.S. President's priorities in the region is to strengthen commercial ties with Chile and Brazil and reform multilateral organizations such as the G-8 (Government-owned, editorially independent La Nacion, circ. 4,200, 1/29).

¶4. During the Clinton administration, the United States made an outstanding effort to strengthen external markets and must now do the same, said Kellie Meiman, Managing Director of McLarty Associates at an AmCham breakfast (Estrategia, business and financial, circ. 30,000, 1/29).

¶5. Editorial entitled, "First Steps of the Obama Administration." "On Monday the President announced a wide-ranging environmental plan to reduce drastically gas emissions... and decrease U.S. dependence on supplies controlled by 'hostile' states.... He also said that research and production of alternative energy sources should be one of the pillars of the economic recovery plan.... The U.S. automobile industry -- whose survival now depends on the government's bailout and not on the market -- seems to have few

tools to stop this change.... This 'green revolution' that Obama has designed could have a worldwide effect in the mid-term, because it could result in the transformation of the foundations of the industrial process that characterizes modernity and globalizations. If the United States is able to place itself at the forefront of this global change, the world will be different" (La Nacion, 1/29).

¶6. Column by law professor Leonardo Aravena: "Judging from the first 48 hours of the new U.S. President in office, there are reasons to celebrate: He ordered the closing of Guantanamo and of CIA detention centers, and he also banned torture and ill treatment of detainees during interrogations.... Obama is lifting the dignity of people, and we welcome this. But can so much beauty be true?"(La Nacion, 1/29).

#### Terrorism

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¶7. The prosecutor investigating the 63 bombings in the Metropolitan Region since 2005 indicated there are two types of anti-establishment organizations operating in Chile. One is formed by individuals who belong to social marginal groups such as punks or "hardcore" with ties to criminal organizations and former members of subversive organizations. They usually have a criminal record and label themselves "anarchists," but with a "k." The other major group is more conventional and its members have ties to left-wing political organizations in universities. Both groups, however, have a "social action" plan to fight "capitalism" (El Mercurio, 1/29).

SIMONS